

Message Text

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ORIGIN EA-09

INFO OCT-01 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00

EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 TAR-01

TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01 XMB-02

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DRAFTED BY EA/EP:MHENDERSON:SJB

APPROVED BY EA/EP:AGEBER

EA/ROC:NENGLEBRECHT

EB/OT/GCP:SAHMAD

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P 262309Z NOV 75

FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI PRIORITY

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E.O. 11652: N/A

TAGS: ETRD, XB

SUBJECT: GSP AND REPUBLIC OF CHINA

REF: STATE 277543

1. AS REPORTED IN REFTEL PRESIDENT SIGNED EXECUTIVE ORDER AUTHORIZING IMPLEMENTATION OF GSP ON NOVEMBER 24. REFTEL ALSO PROVIDES GENERAL GUIDELINES ON IMPLEMENTATION. IN DISCUSSING VALUE OF GSP SYSTEM TO ROC , EMBASSY MAY WISH TO REFER TO FOLLOWING POINTS.

2. GSP PRODUCT COVERAGE IS EXTENSIVE AND CONTAINS MORE THAN 2700 PRODUCTS. TOTAL U.S. IMPORTS OF THESE PRODUCTS
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IN 1974 AMOUNTED TO 25 BILLION DOLLARS OF WHICH ONLY

9 BILLION CAME FROM GSP BENEFICIARIES (AND ONLY 2.6 BILLION AFTER COMPETITIVE NEED EXCLUSIONS). THUS IN ADDITION TO THESE PRODUCTS BECOMING MORE COMPETITIVE WITH DOMESTIC PRODUCTS, THERE IS A SUBSTANTIAL POTENTIAL FOR INCREASED SHIFTING OF IMPORTS TO LDCS NOW THAT LDCS WILL HAVE A PREFERENTIAL COMPETITIVE POSITION IN U.S. MARKETS. ROC PRODUCTS WHICH WERE EXPORTED TO THE U.S. IN 1974 IN THE

AMOUNT OF 469 MILLION DOLS WILL NOW BE ELIGIBLE TO ENTER DUTY FREE UNDER GSP. BUT IT IS A MISTAKE TO ASSESS GSP'S VALUE TO ROC IN TERMS OF 1974 TRADE COVERAGE.

AFTER ALL, PURPOSE OF GSP IS TO ENCOURAGE PRIMARILY THOSE EXPORTS WHICH HAVE NOT SUCCEEDED IN ENTERING U.S. MARKET UNDER EXISTING TARIFF STRUCTURE.

3. OF 868 GSP ITEMS WHICH ROC EXPORTED TO U.S. IN 1974, 290 HAVE A DUTY OF OVER 10 PER CENT AND THOSE WIL ENJOY A SIGNIFICANT NEW ADVANTAGE THAT WOULD FOSTER THEIR GROWTH. MORE IMPORTANT AMONG THESE ARE:

203.20	COMPRESSED WOOD TOOL HANDLES
240.21	PLYWOOD NES
711.30	HYDROMETERS
734.50	BADMINTON EQUIP
735.09	INFLATABLE BALLS NSPF
737.90	TOYS NES

4. OTHER MAJOR ROC GSP ITEMS IN 1974 EITHER IN MONETARY OR U.S. MARKET SHARE TERMS (BUT SUBJECT TO TARIFFS OF LESS THAN 10 PERCENT) WERE THE FOLLOWING. THESE TOO SHOULD GET A SUBSTANTIAL BOOST FROM GSP BENEFITS.

155.20	SUGAR, SIRUP
186.40	HAIR, CURLED
206.47	FORKS AND SPOOLS OF WOOD
206.97	HOUSEHOLD UTENSILS OF WOOD
648.67	AXES
650.85	HAIR CLIPPERS
650.89	SCISSORS AND SHEARS
653.50	HEATING AND COOKING APPARATUS NES

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L85.40	TAPE RECORDER
700.50	OTHER FOOTWEAR
734.87	LAWN TEHNIS EQUIPMENT
774.60	ARTICLES OF RUBBER OR PLASTIC
791.75	WEARING APPAREL NSPF

B. THE ABOVE LISTS ARE ILLUSTRATIVE OF THE PRODUCTS WHERE GSP IS LIKELY TO HAVE AN IMMEDIATE BENEFIT FOR ROC

EXPORTS. BUT IN THE LONGER RUN ROC SHOULD BENEFIT FROM
EXPANDING ITS EXPORTS TO SOME OF THE 2700 ITEMS WHICH
ARE ON THE GSP LIST BUT WHICH THEY HAVE HITHERTO NOT
EXPORTED TO THE U.S.

6. WE ARE AIRPOUCHING LIST OF GSP ITEMS WHICH ROC
CURRENTLY EXPORTS TO U.S. KISSINGER

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